

# Strong Foundations

How corporate  
foundations raise money  
and do good work



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# Introduction

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This report researches 20 of some of the most well known corporate foundations in the UK, to reveal general trends regarding:

- sources of income
- spending on charitable activities
- causes to support
- relationship to founder company

The report then takes a closer look at 5 of these corporate foundations to provide greater insight into where and how they get their funding, who their trustees are, and what causes they are supporting.

We have used information from two previous reports on corporate foundations, both published by Corporate Citizenship<sup>i</sup> <sup>ii</sup>, a report published by the Association of Charitable Foundations<sup>iii</sup>, as well as data from the Charity Commission and the individual webpages of the foundations in question.

**Corporate foundations** can be defined as charities (currently registered in England and Wales by the Charity Commission), whose primary source of income is derived in some way from a corporate source<sup>iv</sup>.

There is no official list of the number of corporate foundations that are currently registered, as there is not one concrete definition of what a corporate foundation is. However, going by the definition above, data from the Charity Commission suggests that there are around 140 corporate foundations existing currently in the UK<sup>1</sup>.

## Summary of key findings

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- In general, corporate foundations get the **highest proportion of their incoming resources from their founding company**, but this varies greatly depending on the foundation.
  - Over half of the 20 foundations we investigated **receive over 50% of their incoming resources in the form of financial gifts from their founding company**.
  - Around ¼ of the foundations receive **donations from the public** as part of their incoming resources.
  - A few of the foundations receive income from **sales of merchandise** by the founding store. For a few, this makes up a small part of their incoming resources, however the John Lewis Foundation receives 98% of its incoming resources this way.
  - A few of the foundations receive some income from **staff fundraising**.
  - In general, corporate foundations are spending near to or over 100% of their incoming resources on charitable giving.
  - In general, corporate foundations **support multiple causes** from a wide range of sectors.
  - Many of these causes have no link to the business focus of the founding company.
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# Sources of income for the foundations

There are 5 main sources from which corporate foundations receive their incoming resources. These are:

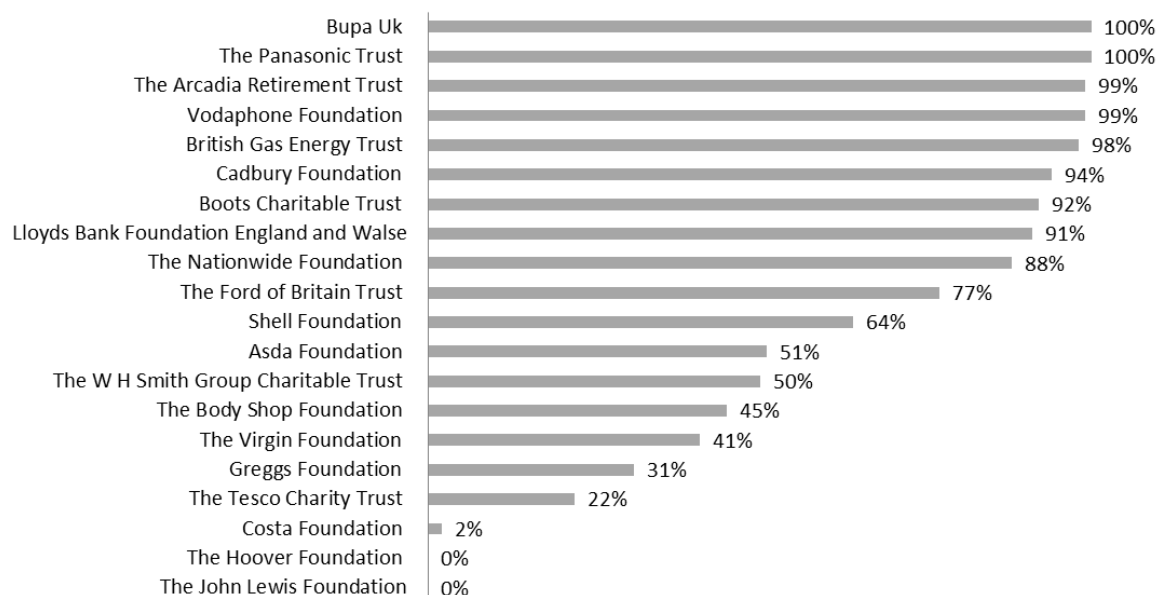
- Financial gifts from their founder company
- Donations from the public
- Donations from staff (usually as part of a fundraising scheme)
- Funds generated from the sales of merchandise by their founder company
- Investments

All these are explored in more detail below except for investments which is not discussed in this report.

## Financial gifts from their founding company

Chart 1 shows the percentage of incoming resources from the founder company (in one financial year)<sup>2</sup>. The data was taken from the most recently published statement of financial activity for each foundation which ranges from 2013-2015.

**Chart 1: Percentage of incoming resources as financial gifts from their founding company for the latest available financial year.**



Base: 20 Corporate foundations | Source: Charity Commission

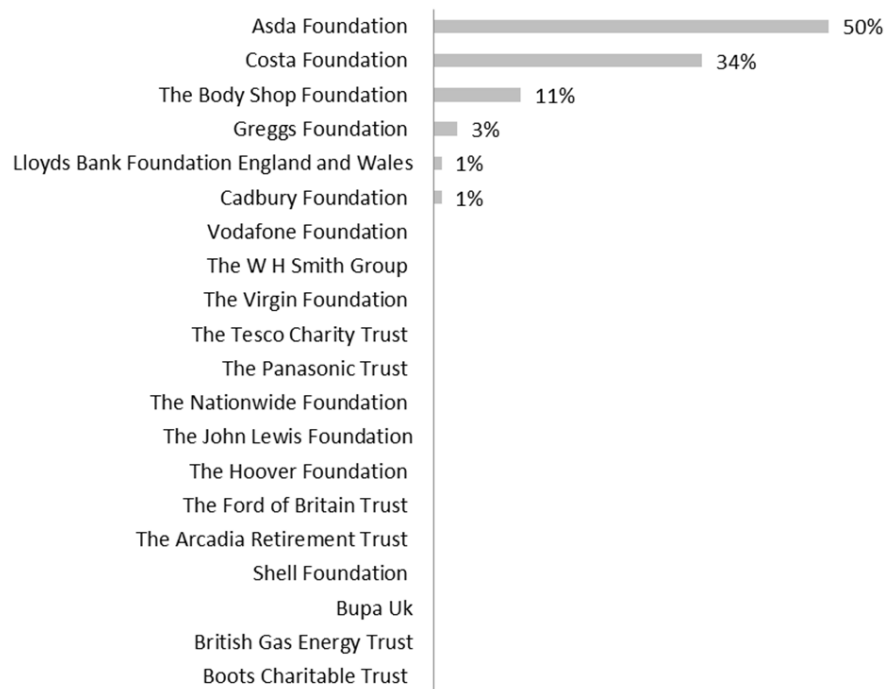
As chart 1 shows, there is a huge difference between the foundations when considering what percentage of their incoming resources come in the form of financial donations from their founder company. Bupa UK and the Panasonic Trust receive 100% of their incoming resources through donations from their founder corporations, as opposed to the Hoover Foundation and the John Lewis Foundation, who receive none. 9 foundations, out of the sample of 20, receive 80% or more of their incoming resources from their corporate founder, and **over half of the foundations receive 50% or more from their corporate founder.**

<sup>2</sup> All data researched in August 2016

## Donations from the public

Some foundations receive income in the form of donations made by the general public. Often this is through collection tins in stores, or using online schemes.

**Chart 2: Percentage of incoming resources from public donations for the latest available financial year.**



Base: 20 Corporate foundations | Source: Charity Commission

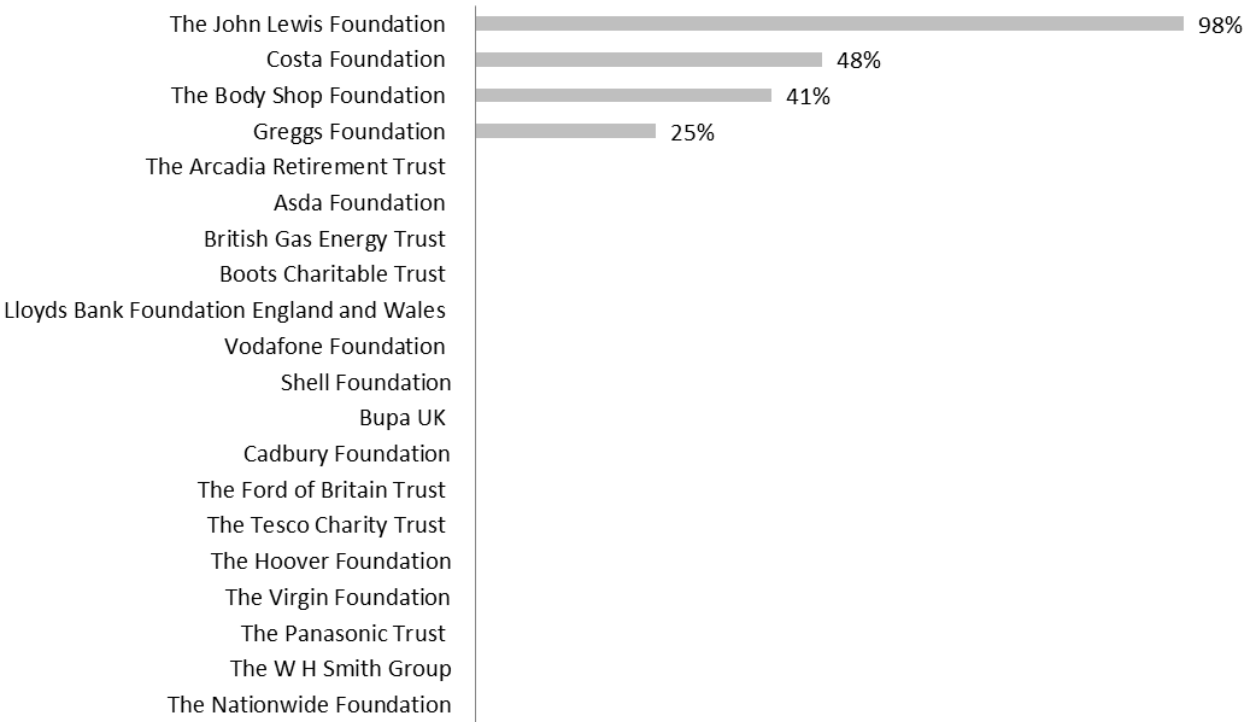
As Chart 2 shows, in general corporate foundations rely much less on public donations than financial gifts from their founder corporation. Only 6 of the 20 foundations investigated received any public donations, and none received over 50% of the incoming resources from donations from the public.



## Funds generated from the sale of merchandise by the founder corporation

Another way in which foundations receive an income is through the sale of particular goods by their founding company, who donate the profits to them. For example, Costa Coffee sells reusable cups in stores, and all proceeds go to their foundation<sup>Y</sup>.

Chart 3: Percentage of incoming resources from funds generated from the sale of merchandise by the founding company for the latest available financial year.



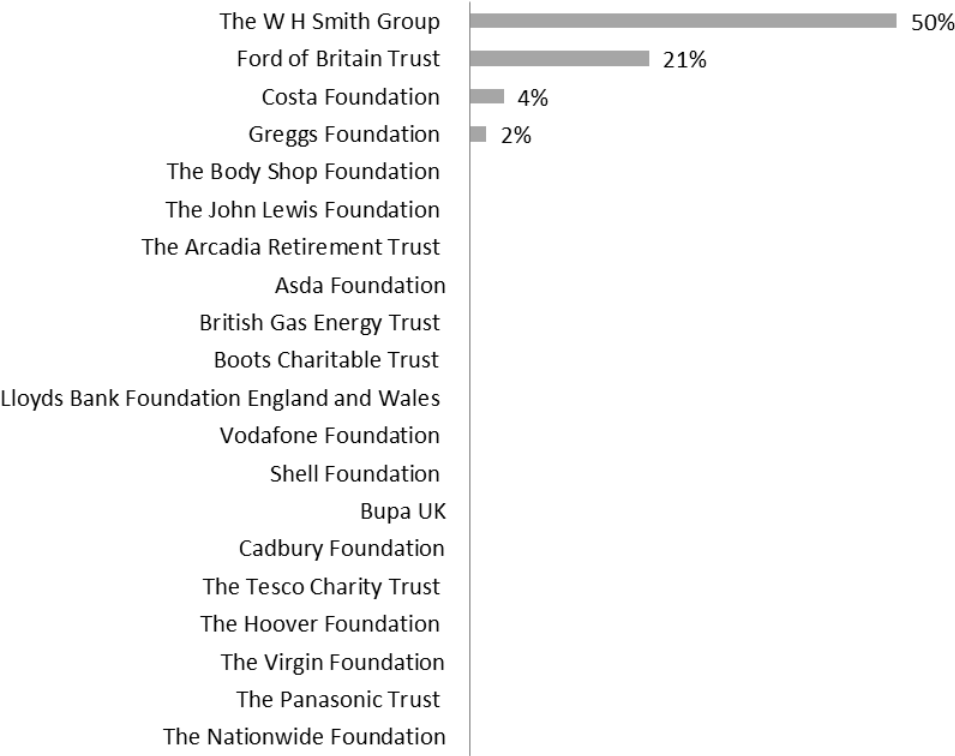
Base: 20 Corporate foundations | Source: Charity Commission

Chart 3 shows that there is huge variation amongst the 20 foundations in how much of their incoming resources are from funds generated from the sale of merchandise by their founder corporation. **The John Lewis Foundation recieves 98% of its incoming resources this way**, as opposed to 16 of the foundations that receive 0%. The Costa Foundation was second highest in this category, receiving nearly 50% of its incoming resources from the sales of merchandise by Costa Limited.

## Donations from staff

Some foundations have a staff fundraising scheme in place, as a way of generating incoming resources. For example Greggs plc has a ‘Give As You Earn’ scheme, whereby their staff opt to have a regular donation taken from their pre-tax salary<sup>vi</sup>.

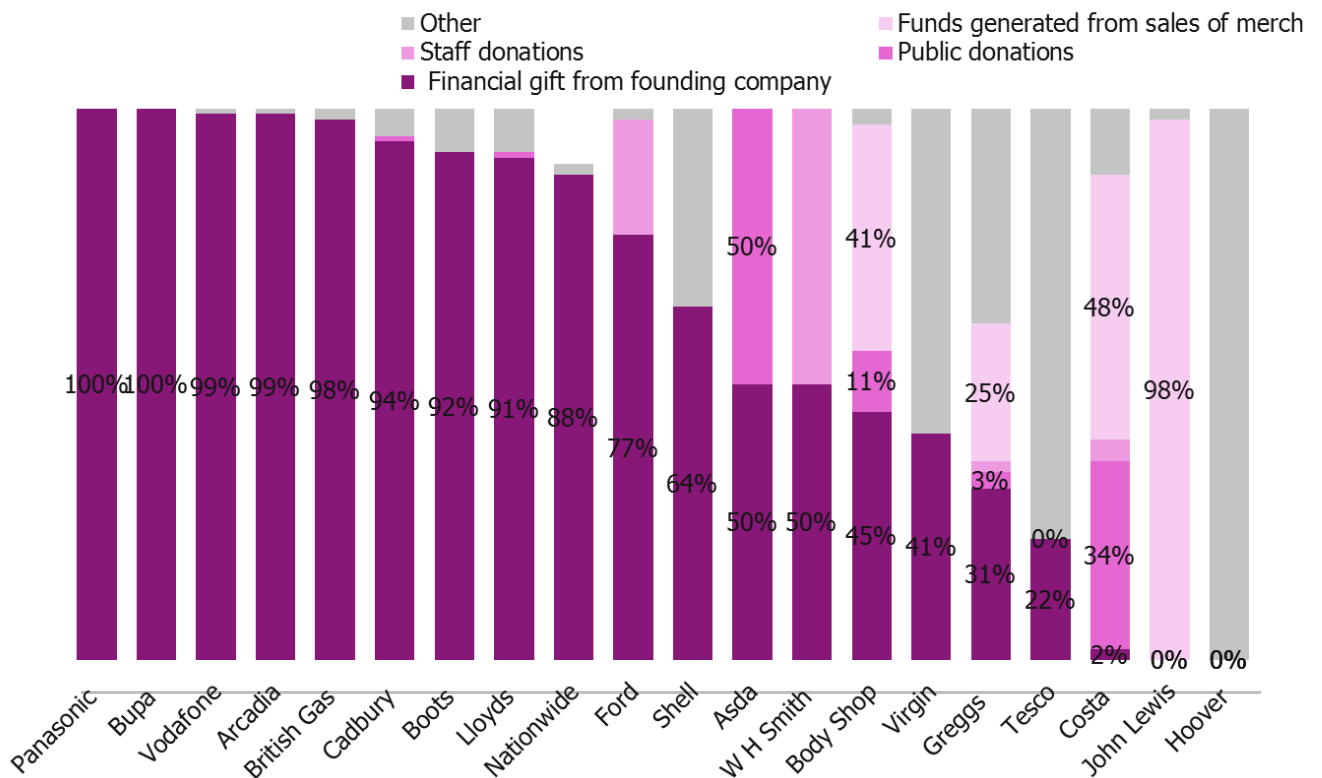
**Chart 4: Percentage of incoming resources as financial gifts from staff donations for the latest available financial year.**



Base: 20 Corporate foundations | Source: Charity Commission

Only **4** of the 20 foundations reviewed receive any **incoming resources from staff donations**. In 2014, the W H Smith Group received 50% of its incoming resources from staff donations, which was a relatively high percentage. This is an area that other foundations could potentially focus on to increase their incoming resources.

**Chart 5: Percentage breakdown of incoming resources per foundation, for the latest available financial year.**



Base: 20 Corporate foundations | Source: Charity Commission

We can see from this data that the majority of the corporate foundations reviewed rely on donations from their founding company for a significant proportion of their incoming resources. It also highlights that the Costa Foundation receives almost no financial donations from Whitbread (their corporate founder) but rather relies on public donations and funds generated from the sale of merchandise in Costa Coffee stores, such as reusable cups.

Being one of the most recognizable foundations, it seems that the Costa Foundation is serving to make the brand Costa Coffee look upstanding and charitable, whilst receiving barely any donations from Whitbread (owner of Costa Coffee). In the opposite sense, the Panasonic Foundation received 100% of its incoming resources from Panasonic UK Ltd in 2015, and it is much less well known by the general public, therefore it seems to be a foundation that has been set up genuinely to increase the charitable giving of Panasonic UK Ltd.

## Spending on charitable activities

Overall, in 2011, the average charitable expenditure of all registered UK corporate foundations was **£1.86 million**<sup>iii</sup>. This has increased from 1.34 million in 2005<sup>i</sup>. In the last few years, the overall figures for corporate foundations charitable expenditure have been higher than their incoming resources, per year.

**Table 1: The annual expenditure for the top 10 out of our sample of 20 foundations, for the most recently available financial year.**

<i><b>Foundation</b></i>	<i><b>Founder company</b></i>	<i><b>Financial Year<sup>vii</sup></b></i>	<i><b>Founder company profit (£million)</b></i>	<i><b>Charitable expenditure (£million)</b></i>
<b>Shell Foundation</b>	Shell Trading International Ltd	2014	13,584	<b>33.8</b>
<b>Lloyds Bank Foundation Eng &amp; Wal</b>	Lloyds Banking Group	2014	1,499	<b>21.9</b>
<b>Vodafone Foundation</b>	Vodafone Group Plc	2015	5,917	<b>21.3</b>
<b>British Gas Energy Trust</b>	British Gas	2014	823	<b>15.9</b>
<b>The Tesco Charity Trust</b>	Tesco Stores Limited	2015	-5,766	<b>9.2</b>
<b>The Virgin Foundation</b>	The Virgin Group	2014	8	<b>8.3</b>
<b>Asda Foundation</b>	Asda	2013	-	<b>8</b>
<b>Costa Foundation</b>	Costa Ltd	2015	366	<b>1.9</b>
<b>Greggs</b>	Greggs Plc	2014	37	<b>1.5</b>
<b>The Nationwide Foundation</b>	Nationwide Building Society	2015	839	<b>1.1</b>

Base: 10 of 20 Corporate foundations | Source: Charity Commission



**Shell Foundation** is currently the corporate foundation that spends the largest amount on charitable giving of those we surveyed, followed by the Lloyds Bank Foundation for England and Wales and Vodafone Foundation. All three of these top giving foundations spent more than their incoming resources that same year on charitable expenditure. From our sample of ten, all foundations spend close to 100% or over, with the exception of the Virgin Foundation, that only spent 63% of its incoming resources on charitable giving, in 2014. In general, these findings are reassuring, and suggest that the majority of money received by corporate foundations is indeed being spent on charitable giving. In addition, there seems to be a positive correlation between the yearly profit of the founding company, and the amount that the associated foundation is spending on charitable giving that same year.

## Causes supported by corporate foundations

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- Both our research, and a survey undertaken by Corporate Citizenship, indicate that a **wide range of causes** are supported by corporate foundations.
- Most foundations seem to support multiple causes.
- Those with staff or in-store fundraising schemes often support causes picked by the staff or public.
- Particularly common sectors are social welfare and economic hardship, young people, and education.
- One common reason for a corporation setting up a foundation is so that it is able to support a more controversial cause, such as domestic abuse, and is able to remain at an arms length.

## Relationship to the founder company

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- 90% of respondents to Corporate Citizenship's survey said that they have at least 'some senior management involvement' from the founding company.
- 84% have at least 1 trustee from the founding company.
- 58% said their giving strategy is linked to their business focus.
- In general, most corporate foundations are **somewhat linked to their founding company**, but the level of closeness is very varied.

## A closer look at 5 UK foundations

### Vodafone Foundation



**Vodafone  
Foundation**

- The Vodafone Foundation is very closely linked with its founder company, Vodafone Group plc.
- It receives over 99% of its incoming resources from donations from Vodafone Group Plc.
- It is fully staffed by Vodafone Group Plc employees.
- Out of its 11 trustees, 2 are external to the Vodafone Group plc.
- Their charitable expenditure of roughly £21 million was partly allocated to their 28 local Vodafone foundations (operating globally) to fund programmes in communities in which Vodafone has commercial roots (all of which are mobile/network related schemes).
- 69% of their charitable expenditure in 2015 was allocated to their 'Mobile for Good' scheme which donates technology assistance to humanitarian projects around the globe.
- One example is the TecSOS scheme, which is designed to help victims of domestic abuse by giving them a device in which they can call the emergency services and record any activity within the vicinity of the device, by pushing a button.<sup>viii</sup>

### Costa Foundation



- The Costa Foundation receives very little of its incoming resources as financial donations from Whitbread (only 3% in 2015).<sup>ix</sup>
- Slightly more is from fundraising efforts by Costa's employees.
- However, nearly half (47%) of all incoming resources in 2015 was from the sale of merchandise by Costa Limited, who agreed to donate certain proceeds to the foundation through entering into a Commercial Participation Agreement with the Foundation.
- Another significant source of income for the Foundation is from public donations, through collection tins in stores (34%).
- At least two trustees out of approximately 6 each year are from Costa Limited.
- The Costa Foundation works globally alongside NGOs and focuses on projects that improve education in coffee bean growing areas where poverty levels are high.
- Therefore despite receiving very little direct financial donations from Costa Limited, the foundation is strongly linked to the founder corporation and its business focus<sup>x</sup>.

## Asda Foundation



- In 2013, the Asda Foundation received an almost equal amount of incoming resources from Asda Limited, and from donations made in stores by the general public, (51% and 50% respectively).
- The Foundation supports a wide range of charities working for a number of different causes.
- Donations from the general public were made directly to the charity of their choice in specific collection boxes in stores.
- The money donated by Asda Limited is used to fund local projects and charities, selected by employees.
- Of the 17 Trustees listed for 2014, 6 were independent.

## John Lewis Foundation



- In 2015, the John Lewis Foundation received 98% of its incoming resources from sales of merchandise by John Lewis Plc whereby the proceeds went to charity.
- There is therefore potential for John Lewis Plc to increase their direct financial donations to the foundation.<sup>xi</sup>
- The work the Foundation does is closely linked to John Lewis plc, as their charitable activities aim to benefit the communities in the UK and overseas in which those who produce products supplied to John Lewis plc live and work.
- For example, they fund the development of schools in areas where educational facilities are poor.
- The foundation has up to five independent trustees, and five who are appointed by John Lewis plc.

## Greggs Foundation



- The Greggs Foundations gets its income from a range of sources.
- The majority comes from donations from the founder company, Greggs, (31%) and from the sales of merchandise by Greggs (25%).
- The staff from Greggs plc are involved, through a Give As You Earn scheme, which made up 2% of the foundation's incoming resources in 2014.
- Finally, a small amount of incoming resources, 2%, are made up from donations in stores by the general public.<sup>xii</sup>
- The Foundation supports a large number of small community organisations through various grants and funding schemes, including an Environmental Grant.
- Currently, of their 10 trustees, 5 are independent.<sup>xiii</sup>

# Implications for charities

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**Corporate Foundations are a small and specialist part of the overall grant-making Trust world.** At 140 in number the total income is comparatively small, and the majority are dependent on income from their foundation company and so their ability to act independently should be presumed to be limited in the majority of cases.

**Their activities and grant-making are usually highly influenced by the nature of the founding business.** The majority of corporate foundations reflect the interest and activities of their creator, so while there are one or two notable exceptions, their funds will be spent in a way that benefits or enhances the business of the founder. This may only be in the broadest sense, such as ameliorating broader business problems (eg food waste, income of producer communities) or enhancing the company's reputation in communities where it works.

**The biggest source of income is from the profit of the founding business.** As chart 5 shows, the biggest source of income is company profit, with investment income, staff fundraising and customers donations and merchandise forming the bulk of the rest of the income. This source of income makes the foundations vulnerable to the decisions of the parent company to increase or decrease the donated funds or change the nature of the work that is expected to be funded. This means their independence is limited.

**A few derive income from either staff fundraising or customer donations or merchandise.** The other major source of income is staff fundraising or income from customers through donations or merchandise. The benefit for the founding company of this approach is that its reputation is enhanced through the marketing of the Foundation, and it is able to raise money without contributing much, if any money, from the Corporate coffers. It would be interesting to know whether more money is raised by a retail outlet promoting its own brand foundation or an independent well-known charity (eg Costa Foundation to help communities where it works, vs Oxfam).

**The opportunities for fundraiser involvement with Corporate foundations seems limited.** All in all it seems that the opportunities for fundraisers to get involved with corporate foundations is limited. They typically don't have a grant-making process that welcomes applications, or they will be fairly restricted in their scope. Neither do foundations act as an easy route to build a corporate partnership with the founding company itself. For these reasons the scope for either a grant-making fundraiser or a corporate partnership fundraiser actively engaging with a Corporate Foundation seem limited.

## About nfpSynergy

**nfpSynergy is a research consultancy that aims to provide the ideas, the insights and the information to help non-profits thrive.**

We have over a decade of experience working exclusively with charities, helping them develop evidence-based strategies and get the best for their beneficiaries. The organisations we work with represent all sizes and areas of the sector and we have worked with four in five of the top 50 fundraising charities in the UK.

We run cost effective, syndicated tracking surveys of stakeholder attitudes towards charities and non-profit organisations. The audiences we reach include the general public, young people, journalists, politicians and health professionals. We also work with charities on bespoke projects, providing quantitative, qualitative and desk research services.

In addition, we work to benefit the wider sector by creating and distributing regular free reports, presentations and research on the issues that charities face.

For more details or questions, please email Joe Saxton at [joe.saxton@nfpsynergy.net](mailto:joe.saxton@nfpsynergy.net), or call on 0207 426 8888.

<sup>i</sup> Corporate Citizenship. 2006. *Revealing the Foundations*. Retrieved from: <http://corporate-citizenship.com/wp-content/uploads/Revealing-the-foundations.pdf>

<sup>ii</sup> Corporate Citizenship. 2007. *The Changing Nature of Corporate Responsibility*. Retrieved from: <http://corporate-citizenship.com/our-insights/the-changing-nature-of-corporate-responsibility/>

<sup>iii</sup> Association of Charitable Foundations. 2015. *Foundation Giving Trends*. Retrieved from: [http://www.acf.org.uk/downloads/publications/Foundation\\_Giving\\_Trends\\_2015.pdf](http://www.acf.org.uk/downloads/publications/Foundation_Giving_Trends_2015.pdf)

<sup>iv</sup> Corporate Citizenship. 2006. *Revealing the Foundations*. Retrieved from: <http://corporate-citizenship.com/wp-content/uploads/Revealing-the-foundations.pdf>

<sup>v</sup> Costa. 2016. *Our Cups*. Retrieved from: <http://www.costa.co.uk/responsibility/our-cups/>

<sup>vi</sup> Greggs Foundation. 2014. *Financial Accounts 2014*. Retrieved from: [http://apps.charitycommission.gov.uk/Accounts/Ends90/0000296590\\_AC\\_20141231\\_E\\_C.pdf](http://apps.charitycommission.gov.uk/Accounts/Ends90/0000296590_AC_20141231_E_C.pdf)

<sup>viii</sup> Vodafone Foundation. 2015. *Financial Accounts 2015*. Retrieved from: [http://apps.charitycommission.gov.uk/Accounts/Ends25/0001089625\\_AC\\_20150331\\_E\\_C.pdf](http://apps.charitycommission.gov.uk/Accounts/Ends25/0001089625_AC_20150331_E_C.pdf)

<sup>ix</sup> Costa Foundation. 2015. *Financial Accounts 2015*. Retrieved from: [http://apps.charitycommission.gov.uk/Accounts/Ends00/0001147400\\_AC\\_20150226\\_E\\_C.pdf](http://apps.charitycommission.gov.uk/Accounts/Ends00/0001147400_AC_20150226_E_C.pdf)

<sup>x</sup> Costa Foundation. 2016. *Home*. Retrieved from: <https://www.costafoundation.com/>

<sup>xi</sup> John Lewis Foundation. 2015. *Financial Accounts 2015*. Retrieved from: [http://apps.charitycommission.gov.uk/Accounts/Ends68/0001124268\\_AC\\_20131231\\_E\\_C.pdf](http://apps.charitycommission.gov.uk/Accounts/Ends68/0001124268_AC_20131231_E_C.pdf)

<sup>xii</sup> Greggs Foundation. 2014. *Financial Accounts 2014*. Retrieved from: [http://apps.charitycommission.gov.uk/Accounts/Ends90/0000296590\\_AC\\_20141231\\_E\\_C.pdf](http://apps.charitycommission.gov.uk/Accounts/Ends90/0000296590_AC_20141231_E_C.pdf)

<sup>xiii</sup> Greggs Foundation. 2016. *Our Trustees*. Retrieved from: <https://www.greggsfoundation.org.uk/about/our-trustees>

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